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# ALEXANDRIA REGIONAL PORT AUTHORITY

ALEXANDRIA, LOUISIANA

APRIL 30, 2002

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/13/02

**ALEXANDRIA REGIONAL PORT AUTHORITY**

**APRIL 30, 2002**

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Alexandria Regional Port Authority

We have audited the accompanying basic financial statements of the Alexandria Regional Port Authority, Alexandria, Louisiana, as of and for the year ended April 30, 2002, as listed in the table of contents. These basic financial statements are the responsibility of the Alexandria Regional Port Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Alexandria Regional Port Authority as of April 30, 2002, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, the Authority adopted, effective May 1, 2001, the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*. Adoption of these statements results in a change in the format and content of the basic financial statements.

Management's discussion and analysis on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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H. FRED RANDOW, C.P.A.  
ERNEST F. SASSER, C.P.A.

ROBERT L. LITTON, C.P.A.  
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PAYNE, MOORE & HERRINGTON, LLP

Board of Commissioners  
Alexandria Regional Port Authority

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2002, on our consideration of the Alexandria Regional Port Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Payne Moore & Herrington, LLP*  
Certified Public Accountants

October 25, 2002

**REQUIRED SUPPLEMENTAL INFORMATION**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**ALEXANDRIA REGIONAL PORT AUTHORITY**  
**APRIL 30, 2002**

**Management's Discussion and Analysis**

Our discussion and analysis of the Alexandria Regional Port Authority's (the Authority) financial performance provides an overview to the Authority's financial activities for the fiscal year ended April 30, 2002. Please read in conjunction with the Authority's basic financial statements, which begin on page 7.

**Financial Highlights**

- The Authority's net assets decreased by \$229,816 during the year ended April 30, 2002. The decrease in net assets is attributable to depreciation of capital assets. Prior to depreciation net assets remained almost unchanged from the prior year.
- While total net assets decreased by about two percent, there was no significant change in unrestricted net assets. Unrestricted net assets are those net assets available to meet the day-to-day operating needs of the Authority.

**Using This Annual Report**

This annual report consists of Management's Discussion and Analysis, the basic financial statements, and notes to the financial statements. Management's Discussion and Analysis provides a narrative of the Authority's financial performance and activities for the year ended April 30, 2002. The basic financial statements provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The basic financial statements consist of three statements:

- The *Statement of Net Assets* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.
- The *Statement of Activities* presents information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Certain revenues and expenses are reported in this statement that will result in cash flows in future periods.
- The *Statement of Cash Flows* presents information showing how the Authority's cash changed during the most recent fiscal year. It shows the sources and uses of cash.

**Financial Analysis of the Authority as a Whole**

A summary of net assets is presented below.

See Independent Auditor's Report.



**ALEXANDRIA REGIONAL PORT AUTHORITY**  
**APRIL 30, 2002**

**Management's Discussion and Analysis**

Table 1			
Net Assets			
	2002	2001	% Change
Current and other assets	586,456	576,780	1.68%
Capital assets, net of depreciation	11,202,657	11,432,090	-2.01
<b>Total Assets</b>	<b>11,789,113</b>	<b>12,008,870</b>	<b>-1.83</b>
Current liabilities	2,629	2,814	-6.57%
Noncurrent liabilities	30,321	20,078	51.02
<b>Total Liabilities</b>	<b>32,950</b>	<b>22,892</b>	<b>43.94</b>
Invested in capital assets	11,202,657	11,432,090	-2.01%
Unrestricted net assets	553,506	553,888	.07
<b>Total Net Assets</b>	<b>11,756,163</b>	<b>11,985,978</b>	<b>-1.92</b>

Invested in capital assets represent the Authority's long-term investment in capital assets, net of accumulated depreciation, and is not available for current operations.

A summary of changes in net assets is presented below. Since this is the first year that the Authority adopted the GASB Statement 34 reporting model, a comparison to the prior year is not presented.

Table 2	
Changes in Net Assets	
Operating revenues (charges for services, leases, and other)	189,338
Non-operating revenues (government subsidies and interest income)	94,757
<b>Total Revenues</b>	<b>284,095</b>
Operating expenses	
Depreciation	231,784
Other	282,127
<b>Total Expenses</b>	<b>513,911</b>
<b>Change in net assets</b>	<b>(229,816)</b>

Net assets decreased because of depreciation. Without depreciation, net assets would have increased by \$1,968.

**Capital Assets**

At April 30, 2002 and 2001, the Authority had \$12,484,761 and \$12,482,410, respectively, invested in capital assets, including land and improvements, roads, port facilities, and furniture, fixtures, and equipment. Additions to capital assets during the year ended April 30, 2002, consisted of equipment of \$2,351.

See Independent Auditor's Report.

**ALEXANDRIA REGIONAL PORT AUTHORITY**  
**APRIL 30, 2002**

**Management's Discussion and Analysis**

**Non-Current Liabilities**

The Authority's non-current liabilities consist of accrued compensated absences for vacation and sick leave. These liabilities increased by \$10,243 during the fiscal year, from \$20,078 at the beginning of the year, to \$30,321 at the end of the year.

**Other Currently Known Facts, Decisions, or Conditions**

It is very difficult to project from year to year the profitability of the port due to a majority of the income that reflects profitability is thru-put fees. The lease income and grants provide the basis for the operating expenses.

Where appropriate, the tenants share the bulk of the maintenance except for replacement of the capital assets.

In management's opinion the substantial cash balance that the port has acquired will be maintained under present operating projections.

**Contacting the Authority's Financial Management**

This financial report is designed to provide a general overview of the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Alexandria Regional Port Authority's office at 600 Port Road, Alexandria, Louisiana.

See Independent Auditor's Report.



## **BASIC FINANCIAL STATEMENTS**

**ALEXANDRIA REGIONAL PORT AUTHORITY  
STATEMENT OF NET ASSETS  
APRIL 30, 2002**

**EXHIBIT A**

**ASSETS**

**Current asset**

Cash	\$ 585,929
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**Noncurrent assets**

Deposits	527
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Capital assets - net of accumulated depreciation	11,202,657
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Total noncurrent assets	11,203,184
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Total assets	11,789,113
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**LIABILITIES**

**Current liabilities**

Accounts payable	2,423
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Payroll related payables	206
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Total current liabilities	2,629
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**Noncurrent liability**

Accrued vacation and sick leave	30,321
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Total liabilities	32,950
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**NET ASSETS**

Invested in capital assets	11,202,657
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Unrestricted	553,506
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**TOTAL NET ASSETS**

	<u>\$ 11,756,163</u>
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The accompanying notes are an integral part of the financial statements.

**ALEXANDRIA REGIONAL PORT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**YEAR ENDED APRIL 30, 2002**

**EXHIBIT B**

**OPERATING REVENUES**

Lease revenue	\$ 98,000
Charges for services	88,820
Other operating revenues	<u>2,518</u>
<b>Total operating revenues</b>	<b>189,338</b>

**OPERATING EXPENSES**

Depreciation	231,784
Salaries and wages	89,147
Insurance	30,724
Port maintenance and operating	29,729
Office operating cost	20,650
Offloading/uploading	19,980
Port marketing	19,969
Travel	16,488
Hospitalization	10,687
Retirement	7,979
Accounting	7,393
Administrative	7,000
Auto expense	6,710
Payroll taxes	6,553
Membership and dues	4,785
Legal	3,859
Other operating expenses	<u>474</u>
<b>Total operating expenses</b>	<b><u>513,911</u></b>

**OPERATING LOSS** (324,573)

**NON-OPERATING REVENUES**

Grant revenue	80,000
Interest Income	<u>14,757</u>
<b>Total non-operating revenues</b>	<b><u>94,757</u></b>

**NET DECREASE IN NET ASSETS** (229,816)

**NET ASSETS - BEGINNING OF YEAR (RESTATED)** 11,985,979

**NET ASSETS - END OF YEAR** **\$ 11,756,163**

The accompanying notes are an integral part of the financial statements.

**ALEXANDRIA REGIONAL PORT AUTHORITY  
STATEMENT OF CASH FLOWS  
YEAR ENDED APRIL 30, 2002**

**EXHIBIT C**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Received from operations	\$ 230,832
Payments for payroll and related expenses	(93,261)
Payments for goods and services	<u>(178,808)</u>
<b>Net Cash Used in Operating Activities</b>	<b>(41,237)</b>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Government subsidies - operating grants	<u>80,000</u>
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>80,000</b>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisition of equipment	<u>(2,351)</u>
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(2,351)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest income	<u>14,757</u>
<b>Net Cash Provided by Investing Activities</b>	<u>14,757</u>

**INCREASE IN CASH**

51,169

**CASH, BEGINNING OF YEAR**

534,760

**CASH, END OF YEAR**

\$ 585,929

**RECONCILIATION OF OPERATING LOSS TO  
NET CASH USED IN OPERATING ACTIVITIES**

Operating loss	\$ (324,573)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	231,784
Changes in assets and liabilities	
Accounts receivable	41,494
Accounts payable	(360)
Payroll related payables	175
Accrued vacation and sick leave	<u>10,243</u>

**NET CASH USED IN OPERATING ACTIVITIES**

\$ (41,237)

The accompanying notes are an integral part of the financial statements.

**ALEXANDRIA REGIONAL PORT AUTHORITY  
APRIL 30, 2002**

**NOTES TO FINANCIAL STATEMENTS**

**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

The Alexandria Regional Port Authority, created by Act 1987, No. 440 of the Legislature of the State of Louisiana, is a political subdivision of the State. Its territorial limits are concurrent with that of the municipal limits of the City of Alexandria. The Authority is governed by a board of commissioners, composed of eight members, who serve without compensation and are appointed for terms of four years. The City of Alexandria appoints five members of the board and the Red River Waterway Commission appoints three members.

The financial statements of the Alexandria Regional Port Authority ("Authority") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Change in Accounting Principles

Effective May 1, 2001, the Authority adopted the provisions of Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, issued by the Governmental Accounting Standard Board. Adoption of these statements had no significant effect on the basic financial statements except for the reformatting of the financial statements and classification of the net assets in accordance with the statements. Also, in accordance with the provisions of Statement No. 34, paragraph 67, the Authority adopted enterprise fund accounting for the activities of the Authority. Net assets – beginning of year as shown on the Statement of Revenues, Expenses, and Changes in Net Assets were restated in accordance with Statement No. 34.

Reporting Entity

GASB Statement No. 14, *The Reporting Entity*, as amended, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Authority is considered a primary government, since it is a special purpose government that is legally separate and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Based upon these same criteria, the Authority has no component units.

Basis of Presentation

As stated above, effective May 1, 2001, the Authority adopted the provisions of Statement No. 34 and Statement No. 37. These statements established standards for external financial reporting for all state and governmental entities, which includes a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows. It requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:



**ALEXANDRIA REGIONAL PORT AUTHORITY**  
**APRIL 30, 2002**

**NOTES TO FINANCIAL STATEMENTS**

- Invested in capital assets, net of related debt: This component of net assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. The Authority has no debt attributable to its capital assets.
- Restricted net assets: This component of net assets consists of constraints imposed by creditors (such as through debt covenants), contributors, laws or regulations of other governments, or through constitutional provisions or enabling legislation. The Authority has no restricted net assets.
- Unrestricted net assets: This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Accounting

Effective May 1, 2001, the accounts of the Authority are organized on the basis of an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed primarily through user charges or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds follow GAAP prescribed by the Governmental Accounting Standards Board and Financial Accounting Standards Board's Standards issued prior to November 30, 1989. Enterprise funds are accounted for on a flow of economic measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. The operating statement presents increases (revenues) and decreases (expenses) in total net assets.

The accrual basis of accounting is utilized by enterprise funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with its principal ongoing operations. The principal operating revenues of the Authority are charges for services and lease revenue. Operating expenses include costs of providing services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

**ALEXANDRIA REGIONAL PORT AUTHORITY**  
**APRIL 30, 2002**

**NOTES TO FINANCIAL STATEMENTS**

Capital Assets

All purchased capital assets are stated at cost. Donated capital assets are valued at their estimated fair market value on the date received. Depreciation of all exhaustible capital assets is charged against operations. Depreciation is computed over the estimated useful lives ranging from 7 to 50 years using the straight-line method.

Compensated Absences

Vested or accumulated vacation and sick leave are recorded as expenses and liabilities as the benefits accrue to employees. No liability is recorded for compensated absences that relate to future service or that are contingent on a specific event that is outside the control of the employer and employees.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**2. CASH**

Under state law, the Authority may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Authority may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At year-end, the carrying amount of the Authority's deposits was \$585,929, and bank balances were \$588,531. A summary of collateralization of bank balances is presented below.

Insured (Federal deposit insurance)	\$ 100,000
Uncollateralized (In accordance with GAAP; However all balances are collateralized in accordance with state law - see below)	<u>488,531</u>
	\$ 588,531

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount of deposit with the fiscal agent. The uncollateralized amount shown above is secured by pledged securities held in the name of pledging fiscal agent bank in a holding or custodial bank. Even though this amount is considered uncollateralized under GAAP, Louisiana Revised Statutes impose a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Authority that the fiscal agent has failed to pay deposited funds upon demand.

**ALEXANDRIA REGIONAL PORT AUTHORITY**  
**APRIL 30, 2002**

**NOTES TO FINANCIAL STATEMENTS**

**3. CHANGES IN CAPITAL ASSETS**

	Balance 05/01/01	<u>Additions</u>	<u>Retirements</u>	Balance 04/30/02
Land and improvements	\$ 3,241,492	\$	\$	\$ 3,241,492
Infrastructure-roads	298,798			298,798
Port facilities	8,675,333			8,675,333
Furniture and fixtures	7,987			7,987
Equipment	258,800	2,351		261,151
Totals	<u>\$ 12,482,410</u>	<u>\$ 2,351</u>	<u>\$ -</u>	12,484,761
Accumulated depreciation				<u>(1,282,104)</u>
Net capital assets				<u>\$ 11,202,657</u>

Depreciation expense included in the financial statements for the fiscal year is \$231,784.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Infrastructure - roads	50 years
Port facilities	40 years
Furniture and fixtures	7 years
Equipment	5-40 years

**5. CHANGES IN COMPENSATED ABSENCES**

	Beginning Balance	<u>Additions</u>	<u>Reductions</u>	Ending Balance
Compensated absences - net	\$ 20,078	\$ 10,243	\$	\$ 30,321

**6. RETIREMENT PLANS CONTRIBUTION**

The Port Authority deposits directly into an investment account ten percent (10%) of gross salary for its employees as a retirement benefit.

**7. LEASE AND COMMITMENT**

On September 1, 1998, the Authority entered into a lease agreement with Terral RiverService, Inc. to lease a bulk cargo facility from the Authority. Under the terms of this agreement, Terral RiverService, Inc. agreed to pay an annual rental of \$118,000 payable on a quarterly basis; provided however, that in consideration for an advance made by Terral RiverService, Inc. of \$200,000 for construction of the bulk cargo facility, Terral RiverService, Inc. shall be due a credit of \$20,000 per year on such rental for ten years, in which, such credit shall be taken as a reduction of \$5,000 for each quarterly payment until the sum of \$200,000 has been credited in full. The Authority may, however, reimburse the \$200,000 or any remaining balance thereof in advance in full or in part at any time. The term of the lease is for five years expiring August 31, 2003. In the event the lease is not renewed after the initial term of five years, any remaining balance of the credit is forfeited by Terral RiverService, Inc.



**ALEXANDRIA REGIONAL PORT AUTHORITY**  
**APRIL 30, 2002**

**NOTES TO FINANCIAL STATEMENTS**

Provided this lease agreement is still in full force and effect and provided Terral RiverService, Inc. shall not be in uncorrected default of this agreement at the end of the primary term or any extension of this agreement, Terral RiverService, Inc. shall have the option to extend this lease agreement for nine additional consecutive terms of five years each.

Terral RiverService, Inc. agreed to pay all taxes or any other governmental charges, utilities, and insurance. Terral RiverService, Inc. also agreed to maintain and repair leased property and keep it in good condition.

Current year lease income is comprised of:

Annual lease for cargo facility	\$ 118,000
Annual credit for construction advance	<u>(20,000)</u>
	\$ 98,000

Minimum future rental payments to be received by the Authority under the lease are as follows:

<u>Fiscal</u> <u>Year End</u>	<u>Gross</u>	<u>Credit</u>	<u>Net</u>
4/30/03	\$ 118,000	\$ 20,000	\$ 98,000
4/30/04	<u>29,500</u>	<u>5,000</u>	<u>24,500</u>
	\$ 147,500	\$ 25,000	\$ 122,500

**9. RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts, theft or damage and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Authority carries commercial insurance as coverage for such occurrences except errors and omissions. The Authority covers all other losses, claims, settlements, and judgments, if any. Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. No claim expenditures or liabilities are reported in the accompanying financial statements. The Authority is involved in a matter concerning collection of sales taxes on certain equipment installed at the Port. In the opinion of legal council, the Authority's exposure to liability is minimal.

**10. CONCENTRATION OF RISK**

The Authority receives seventy percent of its operating revenue from one customer.

**OTHER REPORT REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners  
Alexandria Regional Port Authority

We have audited the basic financial statements of the Alexandria Regional Port Authority, Alexandria, Louisiana, as of and for the year ended April 30, 2002, and have issued our report thereon dated October 25, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Alexandria Regional Port Authority's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as finding 02-01.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Alexandria Regional Port Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Alexandria Regional Port Authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the basic financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as Finding 02-01.

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Board of Commissioners  
Alexandria Regional Port Authority

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness.

This report is intended solely for the information and use of management and the Board of Commissioners, state awarding agencies, and the Legislative Auditor's office of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

*Payne, Moore & Herrington, LLP*  
Certified Public Accountants

October 25, 2002

**ALEXANDRIA REGIONAL PORT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED APRIL 30, 2002**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? \_\_\_\_\_ yes        X   no

Reportable conditions identified  
that are not considered to be  
material weaknesses?        X   yes      \_\_\_\_\_ none reported

Noncompliance material to financial  
statements noted?        X   yes      \_\_\_\_\_ no

*Management's Summary Schedule of Prior  
Audit Findings*      Attached

*Memorandum of Other Comments  
and Recommendations*      Not applicable

*Management's Corrective Action Plan*      Attached

*Federal Awards*      Not Applicable

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**FINDING 02 - 01: SALES TAXES PAID ON PURCHASES**

*Criteria:* Municipal governments are exempt from the payment of sales taxes on purchases of goods and materials.

*Condition:* Sales taxes in the amount of \$61 were erroneously paid on 5 of 5 disbursements tested relating to the purchases of materials and supplies.

*Cause:* Invoices in these instances were not properly reviewed.

*Recommendation:* Invoices should be reviewed thoroughly prior to approval for payment.

*Management's Response:* See Management's Corrective Action Plan.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Not applicable.

**ALEXANDRIA REGIONAL PORT AUTHORITY  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2002**

**FINDING 02 - 01: SALES TAXES ON PURCHASES**

*Summary:* Sales taxes were erroneously paid on purchases of materials and supplies.

*Management's Response:* All invoices will be reviewed and Authority will delete any sales tax that is applicable before payment of invoice.



**ALEXANDRIA REGIONAL PORT AUTHORITY  
MANAGEMENT'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED APRIL 30, 2002**

**FINDING 01-01: TRAVEL ADVANCES**

Condition: Settlement of travel advances with supporting documentation is not made within the period specified by the Authority's travel policy. Controls currently do not exist which subject the travel advances and settlements to reconciliation, therefore, settlements may not be made in a timely manner.

Recommendation: The policy regarding travel advances and settlement should be followed. Travel advance reports should be matched with settlement reports and supporting documentation and maintained in an orderly manner. Amounts due to an employee or due to the Authority should be settled within the time specified by the Authority's travel policy and such settlement documented on the travel report.

Status: Resolved.